The Capitol's great debate over whether California voters should be given the chance to extend or terminate more than $10 billion a year in temporary taxes may be nearing a climactic moment.

Thursday is Gov. Jerry Brown's self-imposed deadline for a budget deal that would place the tax extensions on a June election ballot, but he's still looking for the four Republican votes he needs.

Five GOP legislators who had been dickering with Brown issued a public demand for tax, spending and pension changes that Democrats would be almost certain to reject, and a frustrated Brown said he needs "a few more days."

Meanwhile, Democrats plan debates and floor votes on their budget – including the assumed tax extensions – that will be meaningless with the tax issue unresolved.

As the rhetoric heats up, it may be useful to explore some of the main talking points.

Anti-tax groups contend that voting to place taxes before voters would violate GOP legislators' no-new-taxes pledges. There is, however, an obvious difference between enacting taxes directly and placing them on the ballot. And since anti-tax groups routinely insist that taxes should require voter approval, chalk up one for hypocrisy.

Likewise, the anti-tax groups also insist that voters have already spoken when they rejected a 2009 budget package that would have kept the temporary taxes in place for a longer period.

Wrong. The length of the income, sales and car tax increases was not directly before voters in 2009; the election hinged largely on other issues.

Brown and supporters of the taxes stress that they are temporary – an additional five years – and that the proceeds would go to local governments and schools.

In fact, however, they would go to local agencies only because those agencies would be taking on functions that are being shifted from the state, so the net effect of the added revenues would be to take pressure off the state budget.
The argument that the taxes would be temporary is also suspect, since under Brown's plan the state would be constitutionally obligated to pay for the programmatic shifts to local governments even after the tax extensions expired.

A permanent obligation financed by a temporary revenue stream is folly; it's a better than 50-50 bet that were Brown's plan adopted, five years later he or his successor would be seeking to extend the taxes again or make them permanent.

Brown also contends that the tax extensions would fill only half the budget hole, with sharp spending cuts, especially in health and welfare, filling the rest.

But many of the cuts are actually funding shifts; Democrats are scaling back the real cuts and many of them would either require federal waivers, be subject to litigation, or both.

So everyone involved in this debate is fudging the facts. Take your pick.

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